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Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00
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C O N F I D E N T I A L TOKYO 15610

DEPT PLSE PASS TO DOT & CAB

DOT PASS ADAMS AND KAMM; CAB PASS KAHN

E.O. 11652: GDS
TAGS: EAIR, JA
SUBJECT: U.S.-JAPAN CIVAIR NEGOTIATIONS: REPORT 1

1. SUMMARY. NEGOTIATIONS OPENED OCTOBER 6 WITH OPENING STATEMENTS BY EACH DELEGATION. JAPANESE STATEMENT REVEALED NOTHING NEW. IT WAS THEN AGREED FIRST TO DISCUSS MAIN PRINCIPLES FOR AN OVERALL AGREEMENT FOR TWO DAYS, AFTER WHICH DELEGATIONS WOULD DECIDE HOW TO TACKLE EACH ISSUE. USDEL PRESENTED PAPER PROPOSING ADOPTION OF CERTAIN PRINCIPLES ON EACH OF SIX ISSUES. DISCUSSION AT MORNING MEETING OCTOBER 7 REVEALED JAPAN WANTS RESOLVE SCHEDULED SERVICE ISSUES FIRST, LEAVING CHARTERS AND LOW FARES TO BE DISCUSSED IN PARALLEL BUT NOT RESOLVED UNTIL AFTER CONCLUSION AGREEMENT ON SCHEDULED SERVICES. USDEL MADE CLEAR IT SEES ALL ISSUES AS INTERRELATED AND THAT OUTCOME MUST BE A PACKAGE DEAL. TO BREAK PROCEDURAL IMPASSE, IT WAS AGREED DISCUSS ALL THE ISSUES INCLUDING CHARTERS AND LOW FARES, SEPARATELY AND THEN REVIEW THE SITUATION TO DETERMINE HOW TO PROCEED. END SUMMARY.

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2. JAPANESE OPENING STATEMENT ON OCTOBER 6 ESSENTIALLY REPEATED PAST JAPANESE POSITION ON NEED TO RECTIFY PERCEIVED UNEQUAL AGREEMENT BY EXPANDING JAPANESE ROUTE RIGHTS, CONTRACTING U.S. BEYOND RIGHTS, AND PROVIDING FOR CAPACITY CONTROL AND LIMITED DESIGNATION OF AIRLINES. USDEL OPENING STATEMENT STRESSED EXPANSION OF OPPOR-TUNITIES FOR BOTH SIDES, NEED FOR CHARTER AGREEMENT, AND

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AN ENVIRONMENT WHICH ENCOURAGED COMPETITION. WE ALSO
STRESSED THAT AIR TRANSPORT SHOULD BE VIEWED IN BROADER
CONTEXT OF U.S.-JAPAN ECONOMIC RELATIONS WHERE LIBERAL,
COMPETITIVE APPROACH WAS IN INTEREST BOTH COUNTRIES.
IT WAS THEN AGREED TO DISCUSS MAIN PRINCIPLES FOR AN
OVERALL AGREEMENT OVER NEXT TWO DAYS, AFTER WHICH
DELEGATIONS COULD DECIDE HOW TO PROCEED TO DISCUSS
EACH ISSUE. USDEL PRESENTED A PAPER PROPOSING ADOPTION
OF CERTAIN PRINCIPLES ON EACH OF FOLLOWING SIX ISSUES:
(A) RESTRAINTS WHICH AIRPORT CONGESTION IN JAPAN IMPOSES
ON EXPANSION OF AIR TRANSPORT OPPORTUNITIES; (B) DESIG-
NATION OF AIRLINES FOR BOTH SCHEDULED AND CHARTER AIR
SERVICES; (C) CAPACITY PRINCIPLES FOR SCHEDULED AND
CHARTER AIR SERVICES; (D) MARKET ACCESS AND OTHER
CONDITIONS FOR CHARTER AIR SERVICES; (E) LOW FARE
SCHEDULED SERVICES: (F) ROUTE RIGHTS FOR SCHEDULED SERVICES.

3. AT MORNING SESSION OCTOBER 7, JDEL REITERATED ITS
WELL-KNOWN POSITION ON SCHEDULED SERVICE ISSUES AND
STATED IT CONSIDERED IT NECESSARY CONCENTRATE ON
SOLUTION THESE ISSUES BEFORE ADDRESSING CHARTERS
AND LOW FARES ON SCHEDULED SERVICES. IT ARGUED THAT
AIR TRANSPORT AGREEMENT IS CLEARLY UNEQUAL AND THAT THIS
INEQUALITY MUST BE RECTIFIED. CHARTERS AND LOW-FARE
SERVICES, ON OTHER HAND, MAY HAVE POTENTIAL IN
FUTURE, BUT JAPAN COULD NOT RESOLVE THESE QUESTIONS
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NOW. AS DISCUSSION DEVELOPED, IT WAS CLEAR THAT JDEL
WAS SAYING THAT IT WOULD DISCUSS CHARTERS AND LOW FARES
IN PARALLEL BUT THAT AGREEMENT ON THESE QUESTIONS
SHOULD FOLLOW CONCLUSION OF AGREEMENT ON SCHEDULED
SERVICE ISSUES.

4. USDEL RESPONDED THAT THERE WERE TWO WAYS TO RECTIFY
PERCEIVED INEQUALITY, EITHER THROUGH EXPANSION OR
CONTRACTION. IT WOULD BE IN KEEPING WITH OUR BROADER
ECONOMIC RELATIONS TO APPROACH IMBALANCE THROUGH
EXPANSION OF OPPORTUNITIES. MOREOVER, BECAUSE ALL THE
AIR TRANSPORT ISSUES WERE INTERRELATED, A PACKAGE DEAL
WAS ESSENTIAL WHICH ADDRESSED ALL THE ISSUES, INCLUDING
CHARTERS. UDEL CHAIRMAN SAID USG AND PUBLIC COULD
NOT ACCEPT A SOLUTION WHICH RESULTED IN ANY CONTRACTION
OF AIR TRANSPORT OPPORTUNITIES OR WHICH DID NOT PROVIDE
FOR DEVELOPMENT OF CHARTERS.

5. IN ORDER TO BREAK THE PROCEDURAL IMPASSE, BOTH
DELEGATIONS AGREED TO GET ON WITH DISCUSSION OF THE
MAIN ISSUES, REGARDLESS OF ORDER IN WHICH DISCUSSED,
AND THEN REVIEW SITUATION TO DETERMINE HOW TO RELATE

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ALL THE ISSUES. BOTH SIDES THUS RESERVED THEIR
POSITIONS ON CHARTER LINKAGE, LEAVING THIS CENTRAL
QUESTION TO BE TACKLED AGAIN.
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